

INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 12, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers National Bank

Charter Number 3654

**20 South Broad Street
Canfield, OH 44406**

**Comptroller of the Currency
Northern Ohio Field Office
3 Summit Park Drive Summit Office Park, Suite 530
Independence, OH 44131**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The Farmers National Bank (FNB) has a satisfactory record of meeting community credit needs. This is based on the following:

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting the bank's rating include:

- The bank's net loan-to-deposit ratio is adequate.
- The bank's record of lending in the assessment area is excellent.
- The bank's record of lending to borrowers of different income levels is good.
- The bank's record of lending to businesses of different sizes is excellent.
- The bank's geographic distribution of loans is adequate.
- The bank's community development performance through its record of retail services, community development loans, qualified investments, and community development services demonstrates adequate responsiveness to community development needs in its assessment areas (AAs).

SCOPE OF THE EXAMINATION

Conclusions regarding the bank's lending performance are based on residential mortgage and small business loans from January 1, 2004 through December 31, 2005. For the community development test, the evaluation period runs from the ending date of the last CRA examination (January 6, 2003) to the stated date of the current CRA examination (June 12, 2006). This test includes a review of the investments, services and loans provided in the banks assessment areas which meet the definition of community development.

The bank's primary assessment area includes Mahoning County and portions of Trumbull and Columbiana Counties adjacent to its border. Due to changes in the demarcations of metropolitan statistical areas [MSA's] occurring in 2004, the Youngstown-Warren OH MSA was reconfigured with Mercer County, PA replacing Columbiana County, OH. This area, renamed the Youngstown-Warren-Boardman OH, PA MSA, was selected for a full scope review due to the location of the bank's headquarters and the majority of branch locations.

The bank also includes 10 census tracts in Columbiana County which abut the southern border of Mahoning County and encompass 4 branches. As the substantial majority of the lending occurs within the Youngstown-Warren-Boardman OH, PA MSA, a limited scope review will be performed for this non MSA assessment area.

Our review included contacting local housing and economic development groups to ascertain community credit needs. Each contact also stated the local financial institutions offering products to help meet these needs. These findings will be addressed in the Performance Context portion of the evaluation.

DESCRIPTION OF INSTITUTION

Farmers National Bank of Canfield (FNB) is a wholly owned subsidiary of Farmers National Banc Corp., a publicly traded company (Nasdaq: FMNB) headquartered in Canfield, Ohio. FMNB is a one-bank holding company and has no other affiliates. As of December 31, 2005, FMNB had \$827 million in total assets.

FNB has seventeen offices. The main office is located in Canfield, situated in western Mahoning County. Branches are located throughout Trumbull, Mahoning, and northern Columbiana Counties. All full-service branches provide drive-through banking service and ATM's. The ATM's operate on the STAR network and offer services nationwide. The bank's focus is on retail and commercial banking and offer standard products and services in these areas.

As of December 31, 2005, FNB had \$826 million in total assets. Loans represent 60 percent of total assets. The distribution of FNB's loan portfolio is as follows: real estate loans [64 percent], loans to individuals [28 percent], commercial and industrial loans [5 percent], and municipal loans [3 percent]. The bank's real estate portfolio primarily consists of 1-4 family residential [59 percent], commercial [40 percent], and agricultural loans [1 percent]. The bank's primary business is originating retail loans to customers in and around its assessment area. Net loans and leases to total assets equal 59 percent as of December 31, 2005.

The bank received a "Satisfactory" CRA rating in the previous Public Evaluation dated January 6, 2003.

There are no current financial or legal impediments that prevent the bank from meeting community needs. FNB's Tier 1 Capital level is \$76 million representing 9.2 percent of adjusted average assets as of December 31, 2005.

DESCRIPTION OF YOUNGSTOWN-WARREN-BOARDMAN OH-PA MA ASSESSMENT AREA

The bank's assessment area (AA) meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The Youngstown-Warren-Boardman OH, PA [MA 49660] consists of 168 geographies spread throughout three counties. FNB chose 78 of the geographies in Mahoning and Trumbull County as its AA. In Mahoning County the bank's AA includes the cities of Boardman, Canfield, Poland, Lake Milton, and portions of Youngstown. In Trumbull County the bank's AA includes the cities and villages of Warren, Niles, Girard, Cortland and Mineral Ridge. All the low- and moderate income geographies within the bank's AA are located in either Warren or Youngstown. Of the 78 tracts in the AA, three are low-income (3.85 percent), 11 are moderate-income (14.10 percent), 49 are middle-income (62.82 percent), and 15 (19.23 percent) are upper-income.

The Department of Housing and Urban Development [HUD] updated median family income for the assessment area for the year 2005 is \$51,300. The 2000 Census Bureau lists the assessment area population at 321,499 persons comprising 88,611 families. Of these families, 16.51 percent are low-income, 18.21 percent are moderate-income, 22.75 percent are middle-income and 42.53 percent are upper-income. Thirty-three per cent of the household income in the AA is derived from social security. Households with income below the poverty level are 10 percent with 3 percent of the households relying on public assistance. Owner-occupied housing units comprise 69 percent of the assessment area. The housing units are primarily one-to-four family with a median housing value of \$87,814. Demand for new housing has slowed due to lack of new employment opportunities and uncertainty regarding continued employment in existing industries as major employers continue to downsize or move their operations out of the state.

The annual average 2005 unemployment rate for the assessment area exceeds both state and national averages. As of December 2005, the unemployment rate of 6.6% for the MSA is higher than the national average. According to the State of Ohio Bureau of Labor Market Information, the unadjusted average unemployment rate for 2005 for Ohio was 5.6 percent versus the national unadjusted unemployment rate of 4.6 percent. The 2005 average unemployment rate for Mahoning and Trumbull Counties were 6.7 percent and 6.5 percent, respectively.

The local economy continues to experience economic malaise as it struggles with declining manufacturing jobs, limited economic development opportunities, population exodus, and an aging population. Major employers, such as those listed below, continue to downsize operations and/or relocate operations outside the area, or are affected by internal organizational concerns which may jeopardize their continued operations.

The Mahoning Valley Economic Development Corporation [MVEDC], which encompasses Trumbull, Mahoning and Columbiana Counties among others, is undertaking concerted efforts to find new businesses to relocate in the county and expand existing businesses. Since 2003 small business loans have helped over 100 companies creating over 395 jobs and impacting over 350 existing jobs. The Technical Procurement Center assists local companies to obtain contracts in excess of \$4 million which created almost 50 jobs and impacted an additional 150 jobs. Their

two industrial parks located in Warren and North Jackson have recruited over twenty-five tenants and brought over 900 jobs to the community.

The current composition of industries within the AA includes national trade, Inter/Intra-state trade, manufacturing, local government, retail, educational institutions, and health care facilities. Major employers include Delphi Packard Electric, GM Lordstown, Forum Health, HM Health Partners, Diocese of Youngstown, WCI Steel, and Youngstown State University.

We determined the community's credit needs by contacting representatives from local community and economic development organizations along with discussion with bank management.

We identified the following credit and non-credit needs in this AA:

- New construction financing for single-family homes and multi-family units [purchase and rentals] in low- and moderate-income neighborhoods.
- Continued participation and funding support for affordable mortgage programs [purchase and rehabilitation] for low- and moderate-income households throughout the AA.
- Corporate contributions to fund general operating expenses and revolving loan funds in the various economic development organizations serving the AA.
- Funding to develop programs in financial literacy. Examples would be a Youth Financial Literacy program to educate high school students to avoid unmanageable debt, awareness of the borrowing options available, and the consequences of each method used. An expansion of existing programs in pre-purchase counseling to help identify situations of potential problems after home purchase which could later lead to home foreclosure and preventive measures to take.

FNB is a major local lender that competes with local community banks, credit unions and branches of regional & national institutions within its AA. FNB's major competitors within its AA and their corresponding deposit market share include Sky Bank (23 percent), First Place Bank and Home Savings and Loan (17 percent each). Major small business competitors include Capital One FSB, MBNA, and Citibank. FNB's deposit market share for its AA is 10%.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our performance evaluation was based on the following factors. As a Home Mortgage Deposit Act (HMDA) reporter for home mortgage loans, we placed more weight on the bank's home mortgage loan performance. Our conclusions are based on all residential real estate loans and all small business loans originated by the bank during the evaluation period.

The median household income for the AA has been declining over the evaluation period and has led to a higher percentage of people falling below the poverty level and a dramatic increase in foreclosures. The Youngstown/Warren/Boardman OH-PA MA has more seniors per capita than any other area with the State of Ohio. The bank services an older, aged community with a lesser need to borrow for new housing and own their residences free and clear. Local credit unions and regional banks provide heightened competition for a stagnant consumer base. In addition, average unemployment rates have exceeded both state and national averages during most of the evaluation period reducing retail loan demand.

Lending Test

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio is adequate given the bank's size, financial condition, and the AA credit needs.

FNB's loan-to-deposit ratio (LTD) as of December 31, 2005 was 80.13% and its average LTD over the previous 12 quarters was 77.24%.

For analysis purposes, FNB's current and 12-quarter average LTD ratios were compared with a peer group consisting of banks of various sizes and similar purpose with total assets between \$300 million & \$1 billion with three or more branches in a metropolitan area. The analysis shows FNB's LTD ratios are slightly below the peer group's 4Q05 LTD ratio of 85.45% and the 12-quarter average of 83.46%.

Lending in Assessment Area

FNB's record of lending in the assessment area is excellent. Over 84 percent of the number of loans and nearly 83 percent of loan dollars originated by the bank during the evaluation period are located within its AAs. These percentages are based on all home mortgage, small business and small farm loans originated by the bank during the evaluation period.

The following table details FNB's lending in the AA by number of loan originations and dollar volume during the evaluation period.

Loans Originated within the Assessment Area								
	Inside AA				Outside AA			
Borrower Loan Type	#	%	\$	%	#	%	\$	%
Home Purchase	270	79.65	39,313	78.87	69	20.35	10,533	21.13
Home Refinance	289	85.50	23,195	83.22	49	14.50	4,676	16.78
Home Improvement	145	80.11	5,604	82.01	36	19.89	1,229	17.99
Home Mortgage	704	82.05	68,112	80.56	154	17.95	16,438	19.44
Small Business	541	86.70	58,304	85.70	83	13.30	9,725	14.30
Small Farm	17	94.44	363	96.80	1	5.56	12	3.20
Total	1,262	84.13	126,779	82.89	238	15.87	26,175	17.11

Source: 2004 and 2005 HMDA data and 2000 US Census data.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall lending to borrowers of different income levels and businesses of different sizes is good. Based on volume, we placed greater weight on FNB's mortgage lending performance as previously noted.

FNB's distribution of mortgage lending reflects good penetration among individuals of different income levels, particularly with respect to moderate-income borrowers.

Distribution of Lending by Borrower Income Level					
Borrower Income Level	Home Mortgage Loans – Purchase in the Youngstown-Warren AA				Percentage of Families in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	26	11.82	1,607	6.51	16.51
Moderate	44	20.00	3,372	13.66	18.21
Middle	55	25.00	6,054	24.52	22.75
Upper	95	43.18	13,654	55.31	42.53

Source: 2004 and 2005 HMDA data and 2000 US Census data. NA loans not included in above results.

FNBs distribution of home purchase loans reflects good penetration among individuals of different income levels.

Although FNB's origination of home purchase loans to low-income borrowers is below the percentage of low-income families, its origination of home purchase loans to moderate-income borrowers exceeds the percentages of moderate-income families in the AA. The demographics of the low-income tracts indicate the majority of units are rental occupied with fourteen percent of the housing units being vacant.

Distribution of Lending by Borrower Income Level					
	Home Mortgage Loans – Home Improvement in the Youngstown-Warren AA				Percentage of Families in AA
Borrower Income Level	# of loans	% of loans	\$ of loans	% of loans	
Low	16	13.68	310	7.96	16.51
Moderate	36	30.77	745	19.15	18.21
Middle	31	26.49	963	24.75	22.75
Upper	34	29.06	1,873	48.14	42.53

Source: 2004 and 2005 HMDA data and 2000 US Census data. NA loans not included in above results.

FNBs distribution of home improvement loans reflects excellent penetration among individuals of different income levels.

Although FNB’s origination of home improvement loans to low-income borrowers is below the percentage of low-income families, its origination of home purchase loans to moderate-income borrowers significantly exceeds the percentages of moderate-income families in the AA. The demographics of the low income tracts indicate the majority of units are rental occupied with fourteen percent of the housing units being vacant.

Distribution of Lending by Borrower Income Level					
	Home Mortgage Loans – Refinance in the Youngstown Warren AA				Percentage of Families in AA
Borrower Income Level	# of loans	% of loans	\$ of loans	% of loans	
Low	30	15.38	1,256	8.02	16.51
Moderate	43	22.05	2,650	16.91	18.21
Middle	40	20.50	3,623	23.13	22.75
Upper	82	42.05	8,136	51.94	42.53

Source: 2004 and 2005 HMDA data and 2000 US Census data. NA loans not included in above results.

FNBs distribution of home refinance loans reflects excellent penetration among individuals of different income levels.

FNB’s origination of home refinance loans to low-income borrowers is near to the percentage of low-income families. FNB’s origination of home purchase loans to moderate-income borrowers exceeds the percentages of moderate-income families in the AA.

Overall lending to businesses of different sizes reflects good penetration. Conclusions are based on the small business loans originated by the bank during the evaluation period.

FNB’s distribution of lending to businesses of different sizes reflects excellent penetration. The number of businesses within the AA having reported gross annual revenues below \$1 million (small businesses) comprise 62.03 percent of all businesses according to Dunn & Bradstreet data. The percentage of loans originated by FNB to small businesses exceeds the percentage of small businesses at 62.06.

Geographic Distribution of Loans

FNB's geographic distribution for both home mortgage lending and small business lending is adequate.

We considered the following factors in assessing the bank's lending performance in low- and moderate-income geographies. For home mortgage loans, our review focused on the bank's lending performance relative to the level of owner-occupied units in low- and moderate-income geographies. The AA has less than one percent of its owner-occupied housing units located in low-income geographies and eight percent located within moderate-income geographies. For small loans to businesses, our review focused on the bank's lending performance relative to the percentage of businesses located within low- and moderate-income geographies. The AA has three percent of its businesses located in low-income geographies and nine percent located within moderate-income geographies. For small loans to farms, our review focused on the bank's lending performance relative to the percentage of farms located within low- and moderate-income geographies. The AA has less than one percent of its farms located in low-income geographies and four percent located within moderate-income geographies.

The bank services an older, aged community with a lesser need to borrow for new housing and own their residences free and clear. The housing stock in these geographies is older and since purchasers generally favor newer homes, they go to in the suburban versus urban environments where the newer homes are located. As a result, there is a low percentage of owner-occupied housing units in the low- and moderate-income geographies. These geographies are clustered primarily in the cities of Youngstown & Warren where the bank has a limited presence. The low- and moderate-income census tracts are within a five-mile radius of branches in Warren and Youngstown acquired in 2001 by a merger with Security Dollar Bank of Niles.

FNB's geographic distribution of loans is adequate.

Geographic Distribution of Lending					
Borrower Geography	Home Purchase Mortgage Loans in the Youngstown-Warren Boardman OH-PA AA				Percentage of Owner-Occupied Housing in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	0	0	0	0	0.49
Moderate	11	4.58	814	3.02	8.40
Middle	133	55.42	13,132	48.65	65.31
Upper	96	40.00	13,048	48.34	25.79

Source: 2004 and 2005 HMDA data and 2000 US Census data

FNB's geographic distribution of home purchase loans reflects adequate performance for its AA.

FNB did not originate any home mortgage purchase loans in low-income geographies and the bank's origination of home purchase mortgage loans in moderate-income geographies is below the percentage of owner-occupied housing units in moderate-income geographies. However, this performance is adequate given the mitigating factors relating to age of the community, age of housing stock and low level of owner-occupied housing units.

Geographic Distribution of Lending					
	Home Improvement Mortgage Loans in the Youngstown-Warren Boardman OH-PA AA				Percentage of Owner-Occupied Housing in AA
Borrower Geography	# of loans	% of loans	\$ of loans	% of loans	
Low	0	0	0	0	0.49
Moderate	3	2.44	43	0.99	8.40
Middle	87	70.73	2,213	51.16	65.31
Upper	33	26.83	2,070	47.85	25.79

Source: 2004 and 2005 HMDA data and 2000 US Census data

FNB's geographic distribution of home improvement mortgage loans reflects adequate performance for its AA.

FNB did not originate any home improvement mortgage loans in low-income geographies and the bank's performance in moderate-income geographies is below the percentage of owner-occupied housing units in moderate-income geographies. However, this performance is adequate given the mitigating factors relating to age of the community, age of housing stock and low level of owner-occupied housing units.

Geographic Distribution of Lending					
	Home Refinance Mortgage Loans in the Youngstown-Warren Boardman OH-PA AA				Percentage of Owner-Occupied Housing in AA
Borrower Geography	# of loans	% of loans	\$ of loans	% of loans	
Low	2	0.95	254	1.44	0.49
Moderate	6	2.84	264	1.50	8.40
Middle	115	54.50	7,736	43.92	65.31
Upper	88	41.71	9,631	53.14	25.79

Source: 2004 and 2005 HMDA data and 2000 US Census data

FNB's geographic distribution of home refinance mortgage loans reflects adequate performance for its AA.

The bank's performance in low-income geographies exceeds the percentage of owner-occupied housing for those geographies while the performance in moderate-income geographies is below the percentage of owner-occupied housing in those areas. However, this performance is adequate given the mitigating factors relating to age of the community, age of housing stock and low level of owner-occupied housing units.

Geographic Distribution of Lending by Small Business Loans					
Borrower Geography	Small Business Loans in the Youngstown-Warren Boardman OH-PA AA				Percentage of Non-Farm Businesses in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	6	1.36	200	.39	3.14
Moderate	23	5.22	1,553	3.03	8.68
Middle	247	56.01	28,083	54.71	56.06
Upper	165	37.41	21,496	41.88	32.12
Total	441	100.00	51,332	100.00	100.00

Source: 2000 US Census data and 2004 and 2005 SB LAR data for review period.

FNB's geographic distribution of small business and small farm loans reflects adequate performance for its AA.

FNB's origination of small business loans in low- and moderate income geographies are below the percentage of small businesses in those geographies. Although the portion of small loans to businesses originated in low- and moderate-income geographies is lower than the percentage of businesses in those geographies, this performance is considered adequate given the small number of business and high level of competition within the AA.

FNB did not have any originations of small farm loans in low- and moderate-income geographies. This performance, however, did not have a negative impact on the lending test for the following reasons. There are only 2 farms in the AAs low-income geography and only 18 farms located in moderate-income geographies. Small farm loans only comprise approximately one percent of the bank's loan portfolio and are not actively marketed by the bank.

Limited Scope Areas

Based on limited scope reviews, FNB's performance under the lending test in the Columbiana Non-MA AA is comparable to the bank's overall Satisfactory performance under the lending test.

FNB's representation in the Columbiana Non-MA AA is limited to ten census tracts comprising approximately ¼ of the county and contiguous to the southern border of Mahoning County. The bank has 4 branches and 4 ATMs located there. This was considered in the overall conclusions, and did not negatively impact the rating.

An evaluation of the geographic distribution of loans is not meaningful in the limited-scope AA as there are no low- or moderate-income tracts in this AA. Small business lending is also limited when compared to the Youngstown-Warren MSA representing the bank's primary AA.

FNB's distribution of home mortgage loans reflects satisfactory penetration among individuals of different income levels, especially moderate-income borrowers. FNB's origination of the number of home mortgage loans percentage exceeds the percentage of moderate-income families.

Borrower Income Level	Columbiana Non-MA Limited-Scope AA								Percentage of Families in AA***
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	% # of loans	% \$ of loans	% # of loans	% \$ of loans	% # of loans	% \$ of loans	% # of loans	% \$ of loans	
Low	10.71	4.90	19.05	14.75	10.61	6.54	12.00	10.52	16.88
Moderate	21.43	11.55	23.81	13.11	24.24	20.38	24.00	16.12	19.33
Middle	14.29	12.45	28.57	13.03	27.27	26.65	20.00	25.43	25.02
Upper	53.57	71.10	28.57	59.11	37.88	46.43	44.00	47.93	38.77

Source: 2004 and 2005 HMDA data and 2000 US Census data.

FNB's distribution of lending to businesses of different sizes reflects excellent penetration.

The number of businesses within the AA having reported gross annual revenues below \$1 million (small businesses) comprise 64.21 percent of all businesses according to Dunn & Bradstreet data. The percentage of the number of loans originated by FNB to small businesses exceeds the percentage of the number of small businesses at 84.00 percent. The number of farms within the AA having reported gross annual revenues below \$1 million (small farms) comprise 95.52 percent of all farms according to Dunn & Bradstreet data. The percentage of the number of loans originated by FNB to small farms exceeds the percentage of the number of small farms at 100%.

Community Development Test

FNB's community development performance through its record of retail services, community development loans, qualified investments, and community development services demonstrates adequate responsiveness to community development needs in its AA and is rated Satisfactory.

Community Development Loans

FNB originated forty qualified small business loans for \$5 million in the tri-county area which comprise their AA. These loans were a result of the bank's participation in the Small Business Administration's (SBA) lending program and the mini-loan fund programs detailed below. All loans met the federal guidelines for community development loans, are related to projects within the Youngstown-Warren AA and address identified community needs.

FNB participates in two programs to assist small businesses and economic development in the AA. The Mahoning/Youngstown and Columbiana Mini-Loan Fund Programs are consortium of local lenders and local and county government funding agencies. Loan funds are available to small business owners who generally fail to meet traditional bank underwriting guidelines. FNB has made a commitment of \$300 thousand and funded six loans totaling approximately \$56 thousand.

The Reinvestment Partnership Corporation (RPC) is a consortium of various local financial institutions, political subdivisions of Trumbull County, and the cities of Warren and Niles. RPC offers direct and other assistance to start-up and expanding businesses, purchases and rehabilitates buildings in the central business districts of Niles and Warren, to market or to house new businesses, and overall assistance to new businesses planning to either expand or relocate in

the city of Warren. FNB has made a commitment of \$300 thousand and funded two loans totaling approximately \$108 thousand. All businesses must be located in Trumbull County to be eligible.

FNB also developed a special loan program for the Children's Rehabilitation Center which offers special rates, terms and fees to households for home renovations to accommodate equipment for special needs children.

Qualified Investments

During the evaluation period, FNB made 88 qualified donations to 42 organizations totaling \$100 thousand. All funds are specifically targeted to benefit low- and moderate-income persons, low- and moderate-income census tracts within the AA, or support organizations whose major purpose is providing economic development, revitalizing of central business districts, and offering assistance to attract, expand and retain small business entities, payrolls and job levels throughout the AA.

Unfunded commitments made by FNB for future disbursement include the following. Continued participation in Pride in Progress [Youngstown/Warren Regional Chamber of Commerce initiative for economic development in the Mahoning Valley] for \$5 thousand annually through 2008. A \$1 million investment in Ohio Capital Corporation for Housing (OCCH) in the Ohio Equity Fund will begin in 2008 and spread out over a 15-year timeframe. The Ohio Equity Fund invests in residential real estate projects throughout the state of Ohio earmarked for either low- and moderate-income households or census tracts.

Community Development Services

The bank has seventeen branches and fifteen ATMs in its AA. There are no branches or ATM's in any low- or moderate-income census tracts. The low- and moderate-income census tracts are within a five-mile radius of branches in Warren and Youngstown acquired in 2001 by a merger with Security Dollar Bank of Niles. As previously noted, the low- and moderate-income geographies are clustered primarily in the cities of Youngstown & Warren where the bank has a limited presence.

In addition to FNB's full-service branches and ATM locations, FNB offers on-line banking, providing customer access to consumer and business accounts. Consumers can access accounts, check balances, view statements and cancelled checks, and transfer funds between accounts. Commercial customers have the option of participating in their Corporate Cash Management on-line application. Beside providing the services stated above for consumers, business customers can also make loan payments, make ACH and wire transfer requests, and have various corporate entities linked with the parent organization. FNB provides a telephone bill payment system, allowing customer to make bill payments directly from their deposit accounts. FNB offers free checking accounts to all its customers.

FNB offers a full range of consumer and commercial banking products and services at all its full-service branches. The bank offers three loan products specifically targeted to low- and/or

moderate-income persons and geographies who meet Federal Housing Finance Board income qualifications. Borrowers in each program must maintain the property as their primary residence for five years or payback a pro-rated share of the funds used in their down payment & closing costs. Affordable mortgage programs were noted as an identified credit need of the community.

The “Welcome Home Loan” Program is a fixed-rate loan up to 30 years for owner-occupied properties within the FNB market area for moderate-income applicants. Welcome Home funds may be used to cover down payment & closing costs up to a qualified amount. During the evaluation period, the bank made 13 loans and waived over \$8 thousand dollars in down payment and closing costs.

The “Affordable Home Loan” Program is a fixed-rate loan up to 30 years for owner-occupied properties within the FNB market area for low- and moderate-income applicants. Borrowers must put one percent, or a minimum of \$500, toward the down payment and participate in 3 hours of credit counseling sessions with a HUD certified counseling agency. FNB will refer applicants to the appropriate counseling agency in the county the home is located. A home inspection is required on the purchase property and repairs made to correct any noted deficiencies prior to closing. During the evaluation period, the bank made 4 loans and waived over \$2 thousand dollars in down payment and closing costs.

The “American Dream Loan” Program is a joint initiative of the bank with Catholic Charities Housing Opportunities (CCHO) in receiving a \$50,000 2-year grant through the Federal Home Loan Bank of Cincinnati’s American Dream Homeownership Challenge. Outreach efforts provided by CCHO at several Mahoning Valley faith-based and social service agencies ultimately leading to providing down payment and closing cost assistance to 6 low-to moderate-income minority individuals/families and two low-to moderate-income special needs individuals/families in order to purchase a home. During the evaluation period, the bank made 1 loan and waived approximately \$1 thousand in down payment and closing costs.

FNB has created a savings program to encourage low- and moderate-income borrowers to save for a home down payment, an identified credit need of the community. At the onset, FNB contributes \$25 at account opening. Each participant is expected to contribute \$5 monthly into the account over a two-year period. For each year the participant meets the 12 monthly deposit requirement, FNB contributes an additional \$10 per year. During the evaluation period, the bank opened 32 accounts and provided \$1,400 in matching contributions.

In 2003, FNB partnered with the Community Action Agency of Columbiana County (CAACC) to participate in an individual deposit account product (IDA). The three-year commitment of \$1 thousand per year will be used not only as matching funds to CAACC but will be leveraged with another \$11,500 from the Ohio Community Development Corporation to this agency for this purpose.

Through its employees, FNB is involved in a variety of community development services. Many of the bank’s employees [Vice President to President levels] are involved in non-profit organizations that provide services for low- and moderate-income individuals or economic development for small businesses. FNB is represented in twelve of the major community groups active in meeting the housing, service, and economic needs of low- to moderate-income households and geographies. Senior management is actively involved in several economic

development organizations in Niles, Warren and Youngstown to meet small business needs including start-up loans, rehabilitation and re-stabilization of central business districts, and offering assistance to existing businesses to expand or for new business to relocate in the Mahoning Valley area.

FNB employees also provide internal training services to local schools in loans and credit, checking account usage, and an overview of banking services. “Your Personal Guide to Loans and Credit” are courses offered at Niles McKinley and Western Reserve High Schools. “Your Checking Account” courses are offered at Canfield, Salem, Mineral Ridge, West Branch and Western Reserve High Schools and West Branch Junior High School. “All About Banking”, an overview of banking services, is offered at Hilltop Elementary School.

FNB also sponsors periodic seminars regarding starting a small business, handling personal finances, and offering guidance to first-time homebuyers with a consortium of local area banks. Small business seminars are held approximately twice a year through the Mahoning Valley Economic Development Corporation. First Time Homeowner Buyer Workshops are held approximately monthly through the local Family Service Agency where information on family budgeting is also distributed. In addition, FNB has provided the “Better Management Books” series by Channing Bete Company to local agencies such as the Consumer Credit Counseling Service of the Midwest Inc. These books address budgeting, balancing a checkbook, credit and debit card use, the importance of good credit, and steps to restore bad credit and reestablishing credit to be used with their clients.

Responses to Complaints

FNB has not received any written complaints regarding its performance meeting the credit and deposit needs of its AA during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.